



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**FEB 27 2006**

Jill Holtzman Vogel, Esq.  
Holtzman Vogel PLLC  
49 Culpeper Street  
Warrenton, VA 20186

RE: MUR 5669  
Frist 2000, Inc.

Dear Ms. Vogel:

On July 15, 2005, the Federal Election Commission notified Frist 2000, Inc. ("Committee") and Dawn Perkerson, in her official capacity as Treasurer, your clients, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and information provided by you, the Commission, on February 17, 2006, found that there is reason to believe the Committee and Dawn Perkerson, in her official capacity as Treasurer, violated 2 U.S.C. §§ 434(b)(2)(G) and (H) and 434(b)(5)(D), provisions of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

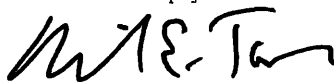
You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred.

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Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you have any questions, please contact Audra Wassom, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Michael E. Toner  
Chairman

Enclosure:  
Factual and Legal Analysis

cc: Sen. William H. Frist, MD

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# **FEDERAL ELECTION COMMISSION**

## **FACTUAL AND LEGAL ANALYSIS**

**RESPONDENTS:** Frist 2000, Inc.; and  
Dawn Perkerson, in her  
official capacity as  
Treasurer.

**MUR: 5669**

### **I. INTRODUCTION**

This matter was generated by a complaint filed with the Federal Election Commission by Citizens for Responsibility and Ethics in Washington. Complainant alleges that Frist 2000, Inc. its current and former treasurers/assistant treasurers, and Senator William H. Frist violated 2 U.S.C. § 434(b)(2)(G) and (H) by failing to report a \$1.44 million loan taken out jointly by Frist 2000, Inc. and Senator Frist's 1994 principal campaign committee, Bill Frist for Senate, Inc., on its 2000 Year-End Report. The evidence demonstrates that there is reason to believe that Frist 2000, Inc. and Dawn Perkerson, in her official capacity as Treasurer, violated the Act by failing to report the \$1.44 million loan on the committee's 2000 Year-End Report and by failing to properly report the repayment of that loan on the 2001 Mid-Year Report.

### **II. FACTUAL AND LEGAL ANALYSIS**

#### **A. Background**

Bill Frist for Senate, Inc. ("BFS") was the 1994 principal campaign committee of William H. Frist. Frist 2000, Inc. ("Frist 2000") was the 2000 principal campaign committee of Sen. Frist. Dawn Perkerson is the current treasurer of Frist 2000.

On November 24, 2000, BFS and Frist 2000 took out a loan for \$1.44 million from First Union bank to repay outstanding primary and general election debts,

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apparently including an approximately \$1.2 million loan Senator Frist had personally made to BFS which was repaid to him on November 28, 2000. Although the loan documents do not indicate that either committee's liability is subordinate to the other, Respondents characterize the role of Frist 2000 as that of a co-signor of the loan at the request of the bank. Response at 1. Respondents further claim that Frist 2000's liability for the loan was secondary to BFS until June of 2001 when Frist 2000 assumed all assets and liabilities of BFS at the time BFS was terminated as a federal political committee. *Id.*

Originally, the loan was reported by BFS in its 2000 Year-End Report as a \$1.44 million loan made by "Firststar" on November 28, 2000, although the dates on the Promissory Note and Security Agreements are November 24, 2000. For reasons that are unclear, Schedule A of that BFS disclosure report lists Frist 2000 as the filing committee when it should list BFS. Schedule C of the report lists Frist 2000 as an endorser or guarantor of the loan. Schedule C-1 lists both Frist 2000 and William H. Frist as other parties secondarily liable for the debt. The Promissory Note is co-signed by BFS and Frist 2000 (with William H. Frist signing as president of both committees). The bank had a Security Agreement with BFS that also names Frist 2000 as a "Borrower." It is unknown whether there was a similar agreement with Frist 2000.

BFS's next and final report (the 2001 Mid-Year/Termination Report) filed on July 30, 2001 indicates in a handwritten memo on the Schedule C that the \$1.44 million loan was transferred to Frist 2000. BFS also reported five interest payments to Firststar in its 2001 Mid-Year Report. As of that date, Frist 2000 had not reported the loan or interest.

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Frist 2000 did not report the loan at all on its 2000 Year-End Report. Frist 2000's original 2001 Mid-Year Report filed on July 31, 2001 discloses a \$1.44 million loan on Schedules C and C-1. The detailed summary pages do show a repayment of a "loan made or guaranteed by the candidate" in the amount of \$1.44 million, but there was no Schedule B (Disbursements) attached to support the repayment. Also, it does not appear as if any interest payments were reported.

Frist 2000 amended its 2001 Mid-Year Report on January 26, 2004. This amended report includes a Schedule B showing a payment on 6/26/01 to "First Star Corporation" in the amount of \$1.44 million for "Payment of debt/obligation." Frist 2000 amended its 2001 Mid-Year Report again on July 15, 2004. This amended report included a Schedule B showing a payment on 6/26/01 to "US Bank Corp" in the amount of \$1.46 million for "Payment of debt/obligation." ("Firststar and "USBancorp" merged in February 2001.) It is not clear why there was a change in the amount of the payment, but perhaps the \$1.46 million includes interest on the loan. Neither of the amended 2001 Mid-Year Reports included a Schedule C or C-1. Frist 2000's subsequent reports do not disclose any information about the \$1.44 million loan.

B. Analysis

The Act requires principal campaign committees to report "loans made by or guaranteed by the candidate" and "all other loans." 2 U.S.C. § 434(b)(2)(G) and (H). In this case, Frist 2000 should have reported the \$1.44 million loan in its 2000 Year-End Report. This obligation exists regardless of whether Frist 2000 was jointly liable, a cosigner, or simply a guarantor. Further, if the candidate actually did guarantee the loans

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as indicated in the BFS reports and eventually in the Frist 2000 reports, Frist 2000 would have an obligation to report the loan as a loan "guaranteed by the candidate" since it was the current principal campaign committee of the federal candidate.

The Act also requires principal campaign committees to report the "total amount of all disbursements" including disbursements by an authorized committee "for the repayment of loans made by or guaranteed by the candidate" and "all other loans" and the "name and address" of any "person who receives a loan repayment from the reporting committee during the reporting period, together with the date and amount of such loan repayment." 2 U.S.C. §§ 434(b)(4)(D) and (E); 434(b)(5)(D). In this matter, Frist 2000, Inc. failed to properly report the repayment of the bank loan on its 2001 Mid-Year Report when it failed to include a Schedule B detailing the name and address of the person to whom the loan was repaid and the date and amount of the repayment. The committee ultimately amended its report to include this information, but not until approximately two and a half years after the original report.

Therefore, the Commission finds reason to believe that Frist 2000, Inc. and Dawn Perkerson, in her official capacity as Treasurer, violated 2 U.S.C. §§ 434(b)(2)(G) and (H) and 434(b)(5)(D) by failing to report the \$1.44 million loan on Frist 2000, Inc.'s 2000 Year-End Report and by failing to properly report the repayment of that loan on the 2001 Mid-Year Report.

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